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Catherine D. Taylor
Associate General Counsel

cdtaylor@scana.com



December 1, 2006

Posted: toed

Dept: S.A.

Date: 12/4/06

Time: 1:00

Hand delivered

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
ATTN: Docketing Department
101 Executive Center Drive
Columbia, South Carolina 29210

2006-375-6

Re: *SCE&G – Charleston Air Force Base*

Dear Mr. Terreni:

In accordance with S.C. Code Ann. Regs. 103-403 and 103-446, South Carolina Electric & Gas Company ("Company" or "SCE&G") files herewith for approval a Contract for the ownership and operation of gas facilities between the Company and the United States Department of Defense Charleston Air Force Base ("CAFB"). As a result of a Department of Defense initiative, the federal government issued a Request for Proposals in 2004 for privatization of its 7.3 miles of natural gas lines on the Air Force Base. SCE&G received the award of this contract in September 2006. SCE&G will own and operate the system in accordance with existing laws and regulations and following existing standard procedures. This agreement does not affect the current contract between SCE&G and CAFB regarding the purchase of natural gas.

The Company respectfully requests that this matter be placed upon the agenda for the Commission's consideration. If you have any questions regarding this Contract, please do not hesitate to call me at your convenience. Thank you for your kind attention to this matter.

Sincerely,

Catherine D. Taylor

CDT/kms
Attachments

cc: Mr. Dan F. Arnett
Shannon Hudson, Esq.
John Flitter

RECEIVED

DEC 04 2006

PSC SC
DOCKETING DEPT.

AWARD/CONTRACT		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)	RATING	PAGE 1 OF 38
2. CONTRACT (Proc. Inst. Ident.) NO. SP0600-06-C-8255		3. EFFECTIVE DATE SEE BLOCK 20C	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. SP0600-04-0557	
5. ISSUED BY Defense Energy Support Center 8725 John J. Kingman Road, Suite 3830 Fort Belvoir, VA 22060-6222 Buyer: Robert E. Jones/DESC-EB Phone: (703)767-2397 Email: robert.e.jones@dla.mil		CODE SP0600	6. ADMINISTERED BY (If other than Item 6) SEE BLOCK 5	

7. NAME AND ADDRESS OF CONTRACTOR (No. street, county, state and ZIP Code) South Carolina Electric & Gas Co. 1426 Main Street Columbia, SC 29201 POC: William Eisele (803) 217-9220		8. DELIVERY
		9. DISCOUNT FOR PROMPT PAYMENT
		10. SUBMIT INVOICES (4 copies unless other ADDRESS SHOWN IN: G2)

CODE IDQY6	FACILITY CODE	11. SHIP TO/MARK FOR	12. PAYMENT WILL BE MADE BY DFAS-CO-DY P.O. Box 369024 Columbus, Ohio 43236	CODE HQ0131
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13. AUTHORITY FOR USING OTHER FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304(c)() <input type="checkbox"/> 41 U.S.C. 253(c)()	14. ACCOUNTING AND APPROPRIATION DATA: See G.5 AA 97X4930.5 CFI 001 125.07 ED 25.16 ED6PAF2E1103MP S33181 Amount: \$72,200.00
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15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	SEE SECTION B				uninflated and nondiscounted
15G. TOTAL AMOUNT OF CONTRACT					\$3,764,893.00

16. TABLE OF CONTENTS							
(✓) SEC		DESCRIPTION	PAGE(S)	(✓) SEC		DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
(✓)	A	SOLICITATION/CONTRACT FORM	1	(✓)	I	CONTRACT CLAUSES	33
(✓)	B	SUPPLIES OR SERVICES AND PRICE/COST	7	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
(✓)	C	DESCRIPTION/SPECS./WORK STATEMENT	10	(✓)	J	LIST OF ATTACHMENTS	38
(✓)	D	PACKAGING AND MARKING	22				
(✓)	E	INSPECTION AND ACCEPTANCE	23				
(✓)	F	DELIVERIES OR PERFORMANCE	24				
(✓)	G	CONTRACT ADMINISTRATION DATA	25				
(✓)	H	SPECIAL CONTRACT REQUIREMENTS	27				
BIDDING COMPLETE ITEM 17 OR 18 AS APPLICABLE							

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. ☒ CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 2 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)

18. ☐ AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.

19A. NAME AND TITLE OF SIGNER (Type or print)

MARTIN K. PHALEN
VP Gas Operations

19B. NAME OF CONTRACTOR

Martin K. Phalen
(Signature of person authorized to sign)

19C. DATE SIGNED

9/28/06

20A. NAME OF CONTRACTING OFFICER

ANWAR ALI
Contracting Officer

20B. UNITED STATES OF AMERICA

BY

Anwar Ali
(Signature of Contracting Officer)

20C. DATE SIGNED

9/28/06

APPROVED
AS TO
LEGALITY
AND FORM
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12 SEP 06

ORIGINAL

CLP #

27589

RCVD

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PREAMBLE

South Carolina Electric and Gas Company (SCE&G) Final Proposal Revision (FPR) dated March 01, 2005 in response to Request for Proposal (RFP) SP0600-04-R-0041 as modified by Amendments 0001-0005 is hereby accepted. Negotiation Messages 1-3, SCE&G's responses to Negotiation Messages 1-3 and SCE&G's letter dated July 8, 2005 are incorporated by reference. For purposes of determining order of precedence, under Clause C.1, the SCE&G Proposal shall be considered a part of the Schedule.

SCE&G shall assume ownership, operation and maintenance of the natural gas utility system at Charleston Air Force Base, South Carolina. SCE&G shall furnish all necessary labor, management, supervision, permits, equipment, supplies, materials, transportation, and any other incidental services required for the complete ownership, operation, maintenance, repair, upgrade, and improvement of the utility system. These services shall be provided in accordance with all terms, conditions, and special contract requirements, specifications, attachments, and drawings contained explicitly in this contract or incorporated by reference.

The Bill of Sale shall be incorporated into the Contract upon execution of the Bill of Sale.

Notwithstanding any other provision of the RFP, SCE&G's proposal, or any other document, the following shall apply to this contract:

1. Invoices under this contract shall be submitted separately and not be combined with invoices for any other goods or services provided by SCE&G.
2. The provisions of the Prompt Payment Act shall apply.
3. In accordance with FAR 9903.201-1(b)-7, the Cost Accounting Standards do not apply to this contract. Although additional rationales for this determination may exist, no agreement between the parties as to their validity is incorporated into this contract.
4. In accordance with Section 3.7, entitled "Annual Updates" of Volume I of its proposal, SCE&G will consult with the Government prior to implementing any capital projects (projects that will affect the rate base) unless conditions affecting health, safety or urgent operational requirements make prior consultation impracticable. In undertaking work under this contract, SCE&G will employ the same standards, practices, equipment, and pricing policies it employs in accomplishing work on the remainder of its system. In accordance with Section 2.10 of Volume II of its proposal, upon reasonable request SCE&G will document that proposed major capital projects are consistent with the standards, practices, equipment and pricing policies generally applicable on its system.

5. Regulatory Approval. The contract award and system transfer shall be contingent upon the South Carolina Public Service Commission's (SCPSC) review and approval of the privatized service contract. Upon the receipt of a bilaterally executed copy of the privatized service contract, the Contractor shall expeditiously prepare a filing with the SCPSC for such review and approval. The Government shall cooperate by providing an affidavit or other such reasonable documentation that might be needed to support the regulatory-approval process; provided that the Contractor shall provide appropriate guidance on the need for and content of such documentation. The contingency shall be removed and the contract award shall be finalized on the effective date of the SCPSC's approval. Should the SCPSC impose any substantive conditions on its regulatory approval that are unacceptable to either the Government or the Contractor, the parties shall negotiate in good faith to modify the contingent contract to alleviate any objectionable provisions. Either party may terminate the contingent contract, upon 30 days written notice, without penalty or costs, (except payment at the contractually established rate for contract work) in the event (i) SCPSC approval is not obtained within 6 months from the date of contingent contract award or (ii) the parties are unable to alleviate any objectionable provisions imposed incidental to the SCPSC's approval within 6 months from the date of the SCPSC's final approval of the privatized service contract.

6. The term "notice to proceed" employed in SCE&G's proposal is equivalent to contract award. SCE&G shall assume ownership of the system and full operational responsibility 120 days after contract award or on such other date as the parties agree.

7. In the event of Government action under FAR 52.249-2, *Termination for the Convenience of the Government*, the Government's liability for unrecovered investment in any ratebased natural gas utility service asset that is abandoned or otherwise no longer used and useful for the provision of a natural gas distribution service as a result of such action shall be measured by the asset's original ratebased cost, less accumulated depreciation, plus removal cost, less salvage value.

8. The requirements of the Disputes clause at FAR 52.233-1 are supplemented to provide that in regard to the interpretation of retail rates, rate schedules and items directly related to rates and rate schedules provided under this contract, the parties agree to accept as authoritative the interpretation of any statewide public utility regulatory authority with jurisdiction over the contractor. Notwithstanding this agreement, the Government shall not be bound to accept as authoritative interpretations that conflict with Federal law or regulation nor be precluded from challenging in any forum, interpretations that result in unreasonable discrimination against Charleston AFB. For purposes of this paragraph "rates, rate schedules and items directly related to rates and rate schedules" include those items identified in Schedule B-3 and Sections 2.4 through 2.10 of SCE&G's price proposal that are used to set prices.

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

B.1 Clauses and Provisions

Clauses and provisions from the Federal Acquisition Regulation (FAR) and its supplements are incorporated in this document by reference and in full text. Those incorporated by reference have the same force and effect as if they were given in full text.

B.2 Systems to be Privatized

The contract line item numbers (CLINs), shown in Schedule B-1, represent the Natural Gas utility system included in this contract for privatization:

SCHEDULE B-1

Utility System Contract Line Item Numbers

CLIN	Charleston Air Force Base, South Carolina (Description)	Natural Gas Utility System
0001	Contract Rate Charge	
0002	Secondary Meter Reading Charges	
0003	Extraordinary Operations and Maintenance (EOM) charge	
0004	Gross Receipts Tax (GRT) and PSC Support Tax	
0005	Transition Connection Charges	

B.3 Service Charge

B.3.1 CLIN 0001: Contract Rate Charge

Reference SCE&G's Revised Proposal, dated March 1, 2005, Volume II, Section 2.4. Sub-CLIN 0001AA, Contract Rate Charge for Year 1 includes the Purchase Price Credit.

B.3.2. CLIN 0002: Secondary Meter Reading Charge

Reference SCE&G's Revised Proposal, dated March 1, 2005, Volume II, Section 2.5.

B.3.3. CLIN 0003: Extraordinary Operations and Maintenance Charge (EOM)

Reference SCE&G's Revised Proposal, dated March 1, 2005, Volume II, Section 2.6.

B.3.4. CLIN 0004: Gross Receipt Tax (GRT) and PSC Support Tax

Reference SCE&G's Revised Proposal, dated March 1, 2005, Volume II, Section 2.7.

B.3.5 CLIN 0005: Transition Connection Charges

Transition Period will begin on contract award date for a period of 120 days for the fixed price of \$72,200. Contractor shall not invoice until 30 days after transition period completion.

B.3.6 Schedule B-4, Initial Capital UpgradesReference SCE&G's Revised Proposal, dated March 1, 2005, Volume II, Section 2.9.
Initial Capital Upgrades will be completed within six months of contract award.**Schedule B-2****Utility Service Payment by the Government**

<u>CLIN</u>	<u>DESCRIPTION</u>	<u>Qty</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Total Price</u>
0001	Contract Rate Charge				
0001AA	Year 1 Rate Charge	12	mo	\$5,744.00	\$68,924.00
	ACRN: TBD				
<i>Note: Contract Rate Charge, for the first 240 months, is \$5,744 per month; see calculation below:</i>					
Year 1 Unit Price is Determined as Follows:					
	Contract Rate Charge (mos. 1-12 of 600)			\$7,841.00	
	Purchase Price Credit (mos. 1-12 of 240)			<u>(\$2,097.00)</u>	
	Total per month for Year 1			\$5,744.00	
0002	Secondary Meter Reading Charge	51	meter	\$2.546	\$129.85
0002AA	Year 1	12	mo	\$129.85	\$1,558.20
	ACRN: TBD				
0003	EOM Charge				
0003AA	Year 1	12	mo	\$400.00	\$4,800.00
	ACRN: TBD				
0004	GRT & PSC Support Tax				
0004AA	Year 1	Per Revenue Dollar		\$0.00438	\$TBD
	ACRN: TBD				
0005	Transition Connection Charges	1/mo		\$72,200.00	\$72,200.00
	ACRN: AA				

Schedule B-4 – Initial Capital Upgrades

Charleston Air Force Base

Project	Component Name	Component Cost (2004 Dollars)	Annual Interest Rate	First Full Month in Service	# of Months to Amortize Component	Monthly Charge
1	Replace defective MSAs	n.a	n.a	2	n.a	n.a
2	Extend Solan Street Main	n.a	n.a	4	n.a	n.a
3	Second Supply Connection	n.a	n.a	4	n.a	n.a

END OF SECTION

SECTION C

Description/Specifications/Work Statement

C.1 Precedence

Utilities Privatization includes two documents: (1) the terms and condition of the contract that also addresses the terms of the Right of Access; and, (2) the Bill of Sale. The Bill of Sale is not part of the contract, but instead is a document that transfers ownership of the system. The Bill of Sale will be executed if the utilities privatization solicitation results in a contract in accordance with the terms and conditions of this RFP. Also see FAR clause 52.215-8, Order of Precedence -- Uniform Contract Format.

C.2 General

C.2.1 Regulated Utility Provider

The Government is seeking a regulated utility provider to assume ownership of its utility system and provide utility service. This utility service shall be consistent with service provided to similar customers.

C.2.2 Utility Systems

Attachments are included in Section J and are herein referred to as utility-specific attachments, and provide details for the utility systems and requirements.

C.2.3 Current Service Arrangement

The Installation currently uses government-owned facilities to provide utility service. The utility-specific attachments (Section J) describe the current service arrangement for the service and define specific requirements.

C.3 Requirement

C.3.1 Utility Service Requirement

Subject to the terms and conditions hereinafter set forth, the Contractor shall furnish all facilities, labor, materials, tools, and equipment necessary to provide the services required to operate and maintain the utility system serving the installation consistent with the operation and maintenance of Contractor's regulated utility system.

The Contractor shall obtain and maintain current any and all licenses, permits, or certifications necessary to own, maintain, and operate its utility system. Access to its utility system will be as specified in paragraph C.6, *Access to the Utility System*.

C.3.2 Performance Standards

The Contractor shall perform its contract services in accordance with all applicable federal, state, interstate, and local laws/regulations, and the most current version of any base-specific requirements defined in the utility-specific attachments (Section J).

C.3.3 Sub-Metering

The Contractor shall be responsible for reading, maintaining, and calibrating all sub-meters on the privatized utility system(s), including those additional meters identified in the utility-specific attachments (Section J) to be installed by the Contractor. Those additional sub-meters shall be installed within the transition period defined in paragraph C.12.1 *Transition Period*. The Government will use sub-meters for internal installation billing purposes and for commodity management and energy conservation purposes.

Meter reading reports shall be submitted to the recipient identified in Attachment J2.

All costs for providing, installing, reading, reporting, and maintaining the meters shall be the responsibility of the Contractor. Contractors are encouraged to incorporate remote meter reading technology. Meter reading and reporting costs that are significantly higher than those originally estimated, due to changing Government requirements, shall entitle the Contractor to equitable adjustment under the Changes Clause (52.243-1, Alt 1). A regulated utility Contractor providing service under standard regulated service rates or tariffs shall not be required to provide meter readings under such rates or tariffs if to do so would be inconsistent with the Contractor's standard method of service.

C.3.3.1 Future Sub-Meters

The Contractor shall provide, install, read, report, maintain, and calibrate sub-meters requested by the Government for any purpose throughout the contract period.

C.3.3.2 Sub-Meter Calibration

The frequency and accuracy of sub-meter calibration should be in accordance with the manufacturer's recommendations and applicable regulations that govern meter calibration.

C.3.4 Energy Efficiencies and Conservation

The Contractor shall strive to provide energy-efficient systems. The Government has an established program for conducting and implementing energy-saving and conservation projects to reduce utility usage and costs. Some of these have resulted in the Government entering into long-term financing arrangements with non-government entities. The utility-specific attachments (Section J) identify any such energy-savings projects that are currently in place for the specific utility system.

The Contractor agrees to take no action that will negatively impact these projects without prior approval of the Administrative Contracting Officer. Additionally, the Government reserves the ability to enter into any future energy-savings projects with the goal of reducing Government costs. The Contractor agrees to take no action that will prohibit or negatively impact implementation of any such future energy-savings projects. Any energy-savings project implemented by the Government that changes the privatized system shall only be by mutual agreement.

The Contractor is encouraged to propose upgrades to the Government that will increase the overall efficiency of the utility system. Efficiency upgrades shall be proposed to the Government in accordance with paragraph C.10, *Initial Capital Upgrades and Replacements*. The Government may consider cost-savings sharing and incentives either through tariff adjustments or lump-sum payments.

C.3.5 Commodity Supply

Commodity is not included in this contract. The Government retains the right to procure or supply the commodity that will be transported on the system covered by this contract from any source.

C.4 Service Area

The service area is defined as all areas within the Government installation boundaries and any other facilities and property boundaries under the control of the Installation as defined in Attachment J2. Within the service area and upon the Government's request, the Contractor shall provide utility service to all existing and new customers. At any time, by written order, the Administrative Contracting Officer may designate any location within the service area where utility service under this contract shall commence or be discontinued.

The Contractor shall extend temporary service to the Government or other contractors performing construction projects or other work on the Installation when requested by an authorized Government representative. The Contractor shall coordinate the approved work directly with the respective construction contractor or Administrative Contracting Officer.

C.5 Utility System Ownership, Employees, and Security

C.5.1 Utility System Ownership

C.5.1.1 Utility System

A general description of the utility system assets to be transferred is included in the utility-specific attachments (Section J). Prior to the transfer of title, such facilities shall continue to be owned by the Government. Transfer of title shall be accomplished by Bill of Sale. The Bill of Sale shall provide the complete list of all assets to be sold.

A Bill of Sale is provided in Section J (Attachment J42). The parties shall prepare and execute such additional documents as may be necessary to implement the ownership transfer.

C.5.1.2 Tools, Vehicles, and Equipment

Unless listed in the final Bill of Sale, government-owned tools, vehicles, and equipment that are not a physical part of the utility system and are used by the Government for system operations and maintenance will remain the property of the Government.

C.5.1.3 Contractor Facilities on the Installation

Unless otherwise provided for in this contract, the Contractor, at its expense, shall acquire, furnish, install, and operate and maintain all facilities required to provide the utility service hereunder. The Contractor shall have title to all facilities it builds and equipment it installs under this contract, except as otherwise specifically provided. New construction or remodeling existing facilities shall comply with the Installation's architectural standards.

C.5.1.4. Air Force Property

The Government may have property and equipment installed on or attached to poles, conduits, pipes, duct banks, towers, buildings, and other portions of the utility systems to be transferred. The Government reserves the right to continue to use the property to be transferred for this purpose, to enter on the transferred property to maintain, repair, operate, upgrade, and replace its property and equipment, and to install new property and equipment. Attachment fees shall not apply. However, costs of any make-ready work related to safety requirements may be recovered under the contract. All attachments will be coordinated with the contractor prior to incorporating attachments. Utility poles, buried conduits, pipes, tubes, wires, and other utility systems and pieces of equipment on the Installation may be the property of a non-federal entity. In that case, use of those poles, conduits, pipes, tubes, wires, or other utility systems and pieces of equipment will be subject to separate agreement between the Contractor and the owner of the poles, conduits, pipes, tubes, wires, or other utility systems and pieces of equipment. Access will still be governed by this Contract, but may also be subject to conditions, including payment of a fee, required by the owner of the poles, conduits, pipes, tubes, wires, or other utility systems and pieces of equipment.

C.5.1.5 Liens and Mortgages

The Contractor shall not engage in any financing or other transaction creating any mortgage upon any government property, place or suffer to be placed upon government property any lien or other encumbrance, or suffer any levy or attachment to be made on the contractor's interest in this right of access on government property. For the purposes of the clause, property shall include but not be limited to fee, lease, license, personal property or any authorized government use or interest in property.”

C.5.1.6 Record Drawings

The Contractor shall maintain record drawings for all existing and new facilities installed by the Contractor within the service area. Upon reasonable request and with reasonable notice, the Government may use and copy such drawings. The Contractor shall provide available drawings to the Government in the form of CAD-CAM disks using the latest release software compatible with Government systems at no cost to the Government. The Contractor will also provide information to allow for updates to the installation Geographical Information System (GIS), as appropriate.

C.5.1.7 Use of the Utility Infrastructure

The contractor may use the utility infrastructure on the installation to serve or benefit areas or customers outside the service area(s) only with concurrence of the Government. Compensation to the Government will be negotiated. In no way shall service to off-installation customers degrade or hinder reliable service, or create unhealthy, unsafe or unacceptable outages to the Government's facilities.

C.5.2 Employees

The Contractor shall not employ any person for work on this contract if such person is identified to the Contractor as a potential threat to the health, safety, security, general well being, or operational mission of the Installation or population.

C.5.2.1 Conflict of Interest

The Contractor shall not knowingly employ any person who is a U.S. Government employee if employing that person would create a conflict of interest. Additionally, the Contractor shall not

employ any person who is an employee of the Government, either military or civilian, unless such person seeks and receives approval according to DODR 5500.7, Joint Ethics Regulations (JER).

C.5.2.2 National Agency Check

The Contractor shall provide sufficient information to obtain complete and favorable National Agency Check (NAC) investigations for its employees for unescorted entrance into restricted areas on base. Normal access to the installation shall be in accordance with paragraph C.6, *Access to the Utility System*. The Contractor shall justify to the Installation Security Forces requests for NAC on Contractor employees requiring unescorted entry into restricted areas. Final approval for unescorted entry into restricted areas rests with the Installation Commander.

C.5.2.3 Controlled Access Areas

The Contractor shall apply for personnel security clearances within 5 days after receipt of the facility clearance or within 30 days after award of the contract if the Contractor possesses a facility clearance, whichever is sooner. Personnel requiring access to secured areas or restricted areas under the control of the Installation shall comply with applicable regulations.

C.5.3 Contractor Advertising

The Contractor shall neither place nor display advertising of any kind whatsoever on government property nor on its property located on government property, nor suffer any advertising of any kind whatsoever to be placed on its property located on government property. Reasonable markings on the contractor's property, including vehicles, for the purpose of identifying it as the contractor's property are not prohibited.

C.6 Access to the Utility System

C.6.1 Access

The Contractor shall have reasonable access to the Installation (Premises) to accomplish its duties and responsibilities under the Contract. Such access is subject to the general supervision and control of the Installation's commander and his duly authorized representatives to provide a generic statement of the contractor's rights.

In accepting the rights, privileges, and obligations established hereunder, the Contractor recognizes that the Installation serves the national defense and that the Government will not permit the operation, construction, installation, repair, and maintenance of a utility system and the provision of utility services to interfere with the Installation's military mission. This Installation is an operating military installation that is closed to the public and is subject to the provisions of the Internal Security Act of 1950, 50 U.S.C. § 797, and of 18 U.S.C. § 1382. Access to the Installation is subject to the control of its Installation Commander and is governed by such regulations and orders as have been lawfully promulgated or approved by the Secretary of Defense or by any designated military commander. Any access granted to the Contractor, its officers, employees, contractors of any tier, agents, and invitees is subject to such regulations and orders. This Right of Access is subject to all regulations and orders currently promulgated or which may be promulgated by lawful authority as well as all other conditions contained herein. Such regulations and orders may, by way of example and not by way of limitation, include restrictions on who may enter, how many may enter at any one time, when they may enter, and what areas of the Installation they may visit, as well as requirements for background investigations, including those for security clearances, of those entering. The Contractor is responsible for the actions of its officers, employees, contractors of any tier, agents, and invitees while on the Installation and acting under this Right-of-Access.

In the event all or any portion of the Premises shall be needed by the United States or in the event the presence of the Contractor's property shall be considered detrimental to governmental activities, the Contractor shall, from time-to-time and upon notice to do so, and as often as so notified, remove or relocate its property to such other location or locations on the Premises as may be required by the contracting officer or authorized representative, and in the event the Contractor's property shall not be removed or relocated within ninety (90) days after any aforesaid notice, the Government may cause the same to be done. Any removal or relocation of the Contractor's property at the direction of the Government shall be at the Government's expense.

The Contractor further recognizes that the operation, construction, installation, repair, and maintenance of the utility system on the Installation may be subject to requirements and approvals not ordinarily imposed by civilian authorities, including, but not limited to, compliance with the National Environmental Policy Act of 1969, as implemented. The Contractor agrees to abide by all applicable regulations.

C.6.2 Condition of the Premises

The Premises are granted in an "as is, where is" condition without any warranty, representation, or obligation on the part of the Government to make any alterations, repairs, improvements, or corrections to defects whether patent or latent. At such times and for such part of the Premises as said officer may determine, the Government and the Contractor, hereinafter referred to as the "Parties", will sign a Physical Condition Report to reflect the condition of the Premises prior to the Premises being disturbed by the activities of the Contractor. Such Report shall be used to indicate the condition of the Premises prior to their being disturbed in order to compare them with the Premises subsequent to the activities of the Contractor to ensure The Contractor has returned the Premises to the condition required by this Right-of-Access.

C.6.3 Alteration of Premises

If the Contractor's property located on the Premises intrudes into airspace subject to regulation under the Federal Aviation Regulations or their Air Force counterparts, such property shall be operated, constructed, installed, repaired, and maintained in conformance with such regulations.

C.6.4 Access for Restoration

Nothing in this Right-of-Access shall be interpreted as interfering with or otherwise limiting the right of the Government and its duly authorized officers, employees, contractors of any tier, agents, and invitees to enter upon the Premises for any lawful purpose.

C.6.5 Other Grants of Access

This Right-of-Access is subject to all outstanding easements, rights-of-way, leases, permits, licenses, and uses for any purpose with respect to the Premises. The Government shall have the right to grant additional easements, rights-of-way, leases, permits, and licenses, and make additional uses with respect to the Premises. However, any such additional easements, rights-of-way, leases, permits, licenses, or uses shall not be inconsistent with the Contractor's use of the Premises under this Right-of-Access. Any interference with the use of or damage to property under control of the Department of the Air Force incident to the exercise of the rights and privileges herein granted shall be promptly corrected by the Contractor to the satisfaction of the Installation Commander. If the Contractor fails to promptly repair or replace any such property after being notified to do so by the Installation Commander, said officer may repair or replace such property and Contractor shall be liable for the costs of such repair or replacement.

C.6.6 Restoration of Premises

On or before the date of expiration or termination of this Contract, the Contractor shall vacate the Premises and restore the Premises to a condition satisfactory to the Installation Commander without additional expense to the United States Government. Such restoration shall include, if applicable, removal of contamination caused by the Contractor. The Government may, at its sole discretion, consent to the Contractor abandoning all or part of its utility system on the Installation, but such consent must be unequivocal and in writing: Provided, however, that any buried conduits, pipes, ductbanks, tubes, or wires, the nature, location, and depth of which are known to the Contractor and shown on the Contractor's records and which neither contain an environmental contaminant nor pose an environmental or safety hazard, may be abandoned with the Government's consent, which consent shall not be unreasonably withheld.

C.7 Routine, Urgent, and Emergency Repair Response

The Contractor shall employ sound utility practices consistent with PUC, state and federal regulations to provide continuous, dependable, and reliable utility service is provided to the Installation 24 hours each day and to minimize the scope and length of any service disruption. The service and its restoration in times of outage shall be at least equivalent to the service provided to other similar customers.

C.7.1 Notification Procedures

The Contractor shall have in place mechanisms, means, or procedures by which installation personnel can submit service requests to the Contractor. If there is an order of precedence of phone numbers for Government personnel to call, the Contractor shall determine and clearly define that precedence. The Contractor also shall clearly identify any difference in service request procedures that apply to routine, urgent, and emergency matters.

The Government will be responsible for disseminating such procedures within the Installation. In addition, the Contractor shall provide to the Administrative Contracting Officer the name of the local Project Manager or other responsible person and an alternate with after-hours contacts' telephone numbers.

C.7.2 Service Requests

During the Transition Period identified in Section C.12, the contractor shall consult with the Installation to prioritize the restoration of services on the installation. This consultation should include informing installation personnel of standard utility restoration policies, and allow for installation personnel to identify critical individual service loads on base.

C.8 Coordination of Work

C.8.1 Routine Work

Routine work, such as the scheduled repair, replacement, or removal of system components that require service interruption, shall be coordinated with the Contracting Officer's Representative at least 2 weeks prior to commencing work to ensure minimal impact to the mission and operations. The Contractor and Government shall each provide a single point of contact for coordination.

C.8.2 Routine, Urgent, and Emergency Service Requests

Any routine, urgent, or emergency service request by Government personnel shall be reported to the Contractor's service request line or point of contact. Emergency service requests to the Contractor or emergencies identified by the Contractor shall be identified immediately to the Contracting Officer's Representative.

If the request affects building operations, the Contractor shall coordinate all work with the person responsible for the building or facility. The Government shall provide the Contractor with a list of Government representatives and the buildings or facilities for which they are responsible.

C.8.3 Connections and Disconnections

The Contractor shall be responsible for adding any additional service points and/or deleting any service points that are no longer required. The Contractor shall coordinate this work with the Contracting Officer's Representative. Any cost of adding or deleting additional service points shall be billed in accordance with applicable state utility regulatory commission regulations.

C.8.4 Scheduled Utility Service Interruptions

The Installation reserves the right to reschedule Contractor work requiring service interruption at any time if such interruption might materially adversely affect the Installation's missions and operations. If an interruption is rescheduled, the parties shall coordinate a mutually acceptable alternative time for the scheduled service interruption.

C.8.5 Excavation Permits

The Contractor shall obtain a written excavation permit from the Contracting Officer or Contracting Officer designated representative before commencing any digging or excavation on the installation. The excavation permit will contain requirements normally applied to similar excavation work on the installation. The Contracting Officer or designated representative will notify the contractor as to reasonable time periods for applying for an excavation permit.

C.8.6 Underground Utility Location

Underground utility locations and Points of Demarcation are identified as exhibits to the applicable Section J Attachments.

C.8.7 Coordination Meetings

The Contractor shall be available for meetings as reasonably required by the Administrative Contracting Officer. Following any such meeting the Contracting Officer's Representative will prepare meeting minutes and distribute to the Contractor and Administrative Contracting Officer for review and approval.

C.8.8 Exercises and Crisis Situations Requiring Utility Support

The Contractor shall respond to installation emergency and crisis situations (i.e., hostage situations, bomb threats, etc.) and exercises for emergency and crisis situations that require utility support. Participation may be in a simulated capacity equal to other participants. The Contractor shall respond to these events as emergency service calls and respond to the emergency situation with qualified personnel and equipment as soon as possible after notification during normal duty hours. The Contractor shall advise and assist the on-scene commander until the event is terminated. Extra work effort under these circumstances may entitle the Contractor to equitable adjustment under the Changes Clause (52.243-1, Alt 1).

C.8.9 Communications

Prior to operating communications devices on the Installation, The Contractor shall obtain the approval of the contracting officer or designated representative as to acceptable frequency use.

C.8.10 Plant Control

After obtaining the prior permission of the Contracting Officer, Contractor may trim or remove plants and trees that pose a potential hazard to its utility system. In those areas where the plants or trees contribute to historic or esthetic values and trimming or removing them would be destructive of those values, Contractor may be prohibited from trimming or removing them. In all instances, plants or trees listed as threatened or endangered under applicable federal, state, interstate, or local law will not be harmed by the activities of the Contractor.

C.9 Environmental Compliance

C.9.1 Permit Compliance

Once ownership of the utility system is transferred, the Contractor shall be the party of record for all environmental permits related to operating the system. Thereafter, the Contractor shall be responsible for obtaining any new or revised permits needed to operate and maintain the utility system. The Government shall remain the party of record and retain responsibility for any applicable permits prior to the transfer of ownership, as defined by paragraph C.12, *Operational Transition Plan*.

C.9.2 Hazardous Material and Waste Minimization

Hazardous materials used in utility system operation and maintenance shall be handled in accordance with applicable laws and regulations, Paragraph H.3, *Hazardous Substances*, and the following:

- All hazardous materials used on the Installation shall be accompanied with appropriate Material Safety Data Sheets (MSDS). The Contractor shall submit copies of MSDSs to the Contracting Officer's Representative, and retain a copy of each MSDS onsite.
- The Contractor shall maintain a viable hazardous waste minimization program that includes making every effort to identify non-hazardous or less hazardous materials than those currently in use and recycling versus disposing of consumable wastes.

C.9.3 Asbestos and Lead Paint

The contractor will not make any improvements or engage in any construction on government property which contain asbestos-containing material (ACM), without prior approval of the contracting officer; any such improvements or construction shall be done in compliance with all applicable Federal, state, interstate, and local laws and regulations governing ACM. The contractor is responsible for monitoring the condition of its property containing ACM on any portion of government property for deterioration or damage. The contractor is responsible, at its expense, for remediation of any ACM contained on or in its property which is disturbed or damaged by the contractor or is deteriorated and of any ACM on government property which is disturbed or damaged by the contractor during the term of the contract the contractor will test any painted surface to be affected by any of its operation, construction, installation, repair, or maintenance activities to determine if the paint is lead-based and will handle that surface in compliance with all applicable laws and regulations and at the contractor's expense.

C.9.4 Environmental Restoration Program

If the Installation has not been listed on the National Priorities List (NPL) under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, at the time of contract award and granting of the Right-of-Access, but is listed subsequent to the award of this contract and the granting of this Right-of-Access, the Government will provide the Contractor with a copy of any Federal Facility Agreement (FFA) that is entered into between the Government and the U.S. Environmental Protection Agency (USEPA), along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of the award of this Contract and the granting of the Right-of-Access but no FFA has been entered into, the Government will provide the Contractor with a copy of any FFA subsequently entered into along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of award of this Contract and the granting of the Right-of-Access and an FFA has been entered into, the Contractor acknowledges that the Government has provided it with a copy of the FFA, with current amendments; the Government will provide the Contractor with a copy of any subsequent amendments thereto. The Contractor agrees that should any conflict arise between the terms of such agreement as it presently exists, or may be amended or entered into, and the provisions of this right of access, the provisions of the FFA will take precedence.

C.10 Initial Capital Upgrades and Replacements

C.10.1 Due Diligence Adjustment

The Contractor shall be responsible for all required upgrades and renewals and replacements to maintain and operate the utility system(s) in a safe, reliable condition, and to meet the requirements of this contract. The Contractor shall base its proposal on the inventory listed in Attachment J2. If during the Joint Inventory that takes place during the Transition Period, between contract award and contract start, the Contractor identifies additional inventory not listed in Sections in Attachment J2, the Contractor may submit a request for an equitable adjustment to the Contracting Officer. If the Contractor determines that the inventory listed in Attachment J2 is overstated, the Contractor shall report the extent of the overstatement to the Contracting Officer, who will determine an equitable adjustment as appropriate.

C.10.2 Initial Capital Upgrades and Replacements Plan

The Contractor shall prepare and submit an Initial Capital Upgrades and Replacements Plan with his proposal that identifies capital upgrades and replacements the Contractor intends to accomplish. Initial capital upgrades and replacements consist of those repair, replacement, and improvement activities the Contractor requires to bring the utility system, as purchased, up to legally applicable regulatory standards or the standards typically maintained by the Contractor on its utility systems. The Plan should describe the purpose, scope, and benefit of the initial capital upgrades, and include:

- detailed site plans, prices, upgrade schedules, and a construction impact analysis on installation operations, the environment, and safety requirements;
- description for adding or removing any Government-identified connection or disconnections; and,
- identification, and justification of any Contractor-recommended additional upgrades and/or improvements to increase the efficiency of system operations.

Costs associated with initial upgrades and initial renewals and replacements shall be included in Schedule B-2.

C.11 Non-Performance and Abandonment

The Government reserves the right to perform or supplement performance of contract functions with Government designated personnel if the Contractor consistently fails to perform its obligations under the contract, has been notified in writing of failure to perform its obligations, and has not cured the performance failures within a reasonable time. The Contractor shall make its facilities available for this purpose at no cost to the Government for as long as the circumstance requiring Government operation persists. The Contractor will continue to maintain all necessary and current permits and licenses required to own and operate the system even during the period of performance by the Government.

C.12 Transition Period and Operational Transition Plan

C.12.1 Transition Period

The Transition Period will begin on contract award and end not later than the contract start date. The Contractor shall propose, in CLIN 0005, the length of the transition period. This transition period is intended to provide the Contractor time to perform any operations testing, environmental surveys, obtain permits, familiarize themselves with the system, and initiate efforts for construction, maintenance, improvements, new connections, or installation of meters, and otherwise comply with the various requirements of the contract. The Contractor shall assume full responsibility of all operations and maintenance at 12:01 a.m. on the contract start date.

C.12.2 Joint Inventory

A joint inventory will be completed prior to the contract start date. The final Bill of Sale will be amended to reflect the results of the joint inventory.

C.12.3 Transition Costs

The contractor will be paid for transition costs by CLIN 0005. Transition costs are defined as all costs expended pursuant to assuming responsibility for each function/area of this contract during the transition period from the date of Contract Award up to 12:01 a.m. on contract start date. A Firm Fixed Price shall be entered on CLIN 0005.

END OF SECTION

SECTION D

Packaging and Marking

None.

END OF SECTION

SECTION E

Inspection and Acceptance

FAR 52.252-2 Clauses Incorporated by Reference (Feb 1998)

(IAW FAR 52.107(b))

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text.

The full text of a clause may be accessed electronically at these addresses:

<http://farsite.hill.af.mil> (All CLAUSES) and <http://www.arnet.gov/far> (FAR Clauses ONLY [Clauses I-11 through I-750]). (End of Clause)

The following FAR Clause is Incorporated by Reference:

FAR 52.246-4: Inspection of Services -- Fixed-Price (Aug 1996)

IAW FAR 46.401(b), and IAW FAR 46.503

END OF SECTION

SECTION F

Deliveries or Performance

F.1 Contract Term

The Contractor(s) agrees to furnish, and the Government agrees to purchase, utility distribution and/or collection services, in accordance with the terms and conditions of this solicitation, for a period of 50 years commencing with the date of award. If the Government terminates the contract, whether for convenience (see FAR 52.249-2) or default (see FAR 52.249-8), the appropriate FAR termination paragraph will apply.

F.2 Commencement of Service

The Contractor shall complete all transitions and be prepared to provide utility services on the contract start date.

F.3 Extension of Contract Performance Period

The current contract performance period may be extended on a month-to-month basis for up to 6 months on the same terms and conditions upon the mutual agreement of the parties. The Government shall furnish to the Contractor notice of its intent to extend the contract at least 45 days prior to the expiration of the initial contract. However, nothing in this paragraph precludes the Contractor from accepting an extension of the contract if the Government fails to issue the notice within the 45-day timeframe.

F.4 FAR 52.252-2 Clauses Incorporated by Reference (Feb 1998) (IAW FAR 52.107(b))

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text.

The full text of a clause may be accessed electronically at these addresses:

<http://farsite.hill.af.mil> (All CLAUSES) and <http://www.arnet.gov/far> (FAR Clauses ONLY [Clauses I-11 through I-750]). (End of Clause)

The following FAR Clauses are Incorporated by Reference:

FAR Paragraph	Clause Title	Date
52.242-15	Stop Work Order IAW 42.1305(b)(1)	Aug 1989
52.242-17	Government Delay of Work IAW 42.1305(d)	Apr 1984

END OF SECTION

SECTION G

Contract Administration Data

G.1 DFARS 252.201-7000: Contracting Officer's Representative

Contracting Officer's Representative means an individual designated in accordance with subsection 201.602-2 of the Department of Defense FAR Supplement and authorized in writing by the Administrative Contracting Officer to perform specific technical or administrative functions.

If the Administrative Contracting Officer designates a Contracting Officer's Representative, the Contractor will receive a copy of the written designation. It will specify the extent of the Contracting Officer's Representative authority to act on behalf of the Administrative Contracting Officer. The Contracting Officer's Representative is not authorized to make any commitments or changes that will affect price, quality, quantity, delivery, or any other term or condition of the contract. The Contracting Officer's Representative for this contract is:

Mark Gilmore TSgt, USAF
100 W. Stewart Avenue
Charleston AFB, SC 29404
DSN 673-4275
Comm 843-963-4275
Mark.Gilmore@charleston.af.mil

G.2 Submission and Payment of Invoices

The Government will pay the Contractor for utility service through a monthly invoice. The Contractor shall prepare and send one original invoice and one copy to the Installation for payment for the previous month's billing period. Invoices shall be sent to the recipient and address identified in Attachment J2.

During the transition period, the Contractor shall submit a sample invoice to be approved by the Contracting Officer.

Laurie Carlson
8725 John J. Kingman Rd, Suite 3830
Email: laurie.carlson@dla.mil
Phone: 703-767-8127

G.3 Accounting Procedures

The Contractor shall maintain records of all costs and payments associated with the provision of utility service(s) to the Installation using the FERC Uniform System of Accounts (USOA) or an alternative USOA acceptable to the Government.

G.4 Paying Office Address

The paying office address is listed in block 12 of the Standard Form 26.

G.5 Accounting and Appropriation Data

AA 97X4930.5 CF1 001 125.07 ED 25.16 ED6PAF2E1103MP S33181 \$72,200.00

Payment Instructions for Multiple Accounting Classifications Citations

Payment for all effort under this contract should be made in the order and amounts shown in the contract line item(s) and subline items(s) in Section B of the contract. Exhaust the funds in each Accounting Classification Reference Number (ACRN) before using funds from the next listed ACRN as specified in each CLIN and/or SubCLIN.

a. This contract will be funded by multiple accounting classification citations. Payments shall be made from ACRNs in alphabetical order (AA, AB, etc.) as stated on the CLIN and/or SubCLIN. DO NOT USE A PRORATED METHOD to pay, disburse, and liquidate funds. Do not liquidate any funds from an ACRN unless the preceding ACRNs have been fully liquidated, or if revised payment instructions are provided per paragraph b. below.

b. Additional ACRNs will be assigned when new accounting classifications are available. When adding new ACRNs or changing existing ACRNs, the above payment instructions shall apply, unless specific revised payment instructions are provided as part of a contract modification.

END OF SECTION

SECTION H

Special Contract Provisions

H.1 Mobilization and Other Contingencies

Among the circumstances in which the provisions of this paragraph may be invoked is a general or limited military mobilization of forces or an emergency that affects contract performance. In the event of either eventuality, the Contractor will be expected to promptly take whatever measures are needed to meet any new demands placed upon it, to include extended work hours and expansion of the contract work force. Extra work effort under these circumstances may entitle the Contractor to equitable adjustment under the Changes Clause (52.243-1, Alt 1).

H.2 Insurance Requirements

H.2.1 Insurance Certificate

Contractor shall deliver or cause to be delivered upon execution of this contract (and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished pursuant to this contract) to Government a certificate of insurance evidencing the insurance required by this contract.

H.2.2 Types of Insurance

During the entire period this contract shall be in effect, the Contractor shall carry and maintain or require its contractors performing work on the Premises to carry and maintain:

H.2.2.1 General Liability

Comprehensive general liability insurance on an "occurrence basis" against claims for "personal injury," including without limitation, bodily injury, death, or property damage, occurring upon, in, or about the Premises including any buildings thereon and adjoining sidewalks, streets, and passageways, such insurance to afford immediate minimum protection at all times during the term of this contract, with limits of liability in amounts approved from time to time by the Government, but not less than ONE MILLION DOLLARS (\$1,000,000) in the event of bodily injury and death to any one or more persons in one accident, and not less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000) for property damage. Such insurance shall also include coverage against liability for bodily injury or property damage arising out of the acts or omissions by or on behalf of the Contractor by any invitee or any other person or organization, or involving any owned, non-owned, or hired automotive equipment in connection with the Contractor's activities.

H.2.2.2 Automobile Liability

Comprehensive automobile liability insurance covering the operation of all automobiles used in connection with the performance of the contract in the minimum limits of \$200,000 per person, and \$500,000 per accident for bodily injury, and \$20,000 per accident for property damage.

H.2.2.3 Workers' Compensation and Employer's liability

If and to the extent required by law, workers' compensation and employer's liability or similar insurance in form and amounts required by law but not less than the amount of \$100,000.

H.2.3 General

All policies of insurance which this contract requires the Contractor to carry and maintain or cause to be carried or maintained pursuant to this contract shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this contract, issued by insurers of recognized responsibility. All such policies of insurance shall be for the mutual benefit of Government and Contractor. Each such policy shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Contractor or Government or any other person; provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against Government; and be reasonably satisfactory to Government in all other respects. In no circumstances will Contractor be entitled to assign to any third party rights of action which the Contractor may have against the Government. The foregoing notwithstanding, any cancellation of insurance coverage based on nonpayment of the premium shall be effective upon ten (10) days' written notice to the Government. The Contractor understands and agrees that cancellation of any insurance coverage required to be carried and maintained by the Contractor under this contract will constitute a failure to comply with the terms of this contract.

H.2.4 Self-insurance.

The requirements to maintain insurance under H.2 may be met by the use of self-insurance only under the following conditions and with the express prior written approval of the contracting officer:

H.2.4.1 If the contractor desires to self-insure, the contractor shall submit to the contracting officer, in writing, a request to self-insure. To support the determination of the contracting officer regarding the request, said officer may request some or all of the following information, to the extent the contractor maintains such information, on the contractors proposed self-insurance program—

- (1) A complete description of the program, including any resolution of the board of directors authorizing and adopting coverage, including types of risks, limits of coverage, assignments of safety and loss control, and legal service responsibilities;
- (2) If available, the corporate insurance manual;
- (3) The terms regarding insurance coverage for any Government property;
- (4) The contractor's latest financial statements;
- (5) Loss history and premiums history;
- (6) The means by which the self-insurance will be funded;
- (7) Claims administration policy, practices, and procedures;
- (8) The method of projecting losses; and
- (9) A disclosure of all captive insurance company and reinsurance agreements, including methods of computing cost.

H.2.4.2 Programs of self-insurance covering contractor's insurable risks, including the deductible portion of purchased insurance, may be approved by the administrative contracting officer when examination of a program indicates that its application is in the Government's interest; such determination is within the sole discretion of the Government. The Government will not approve a program of self-insurance for workers' compensation in a jurisdiction where workers' compensation does not completely cover the employer's liability to employees, unless the contractor—

- (1) Maintains an approved program of self-insurance for any employer's liability not so covered; or
- (2) Shows that the combined cost to the Government of self-insurance for workers' compensation and commercial insurance for employer's liability will not exceed the cost of covering both kinds of risk by commercial insurance.

H.2.4.3 Once the administrative contracting officer has approved a program, the contractor must submit to that official for approval any major proposed changes to the program. Any program approval may be withdrawn if the administrative contracting officer finds that either—

- (1) Any part of a program does not comply with the requirements of this part and/or the criteria at FAR 31.205-19; or
- (2) Conditions or situations existing at the time of approval that were a basis for original approval of the program have changed to the extent that a program change is necessary.

H.2.4.4 To qualify for self-insurance, the contractor must demonstrate to the Government an ability to sustain the potential losses involved. In making the determination, the administrative contracting officer shall consider the following factors:

- (1) The soundness of contractor's financial condition, including available lines of credit.
- (2) The geographic dispersion of assets, so that the potential of a single loss depleting all the assets is unlikely.
- (3) The history of previous losses, including frequency of occurrence and the financial impact of each loss.
- (4) The type and magnitude of risk, such as minor coverage for the deductible portion of purchased insurance or major coverage for hazardous risks.
- (5) The contractor's compliance with Federal and State laws and regulations.

H.2.4.5 The contractor shall, when submitting any documents under this provision H.2.4, apprise the administrative contracting officer of any such documents that constitute confidential or proprietary business records, and mark those records accordingly.

H.3 Hazardous Substances

The Contractor, at its expense, must comply with all applicable laws on occupational safety and health, the handling and storage of hazardous materials, and the proper handling and disposal of hazardous wastes and hazardous substances generated by its activities. Responsibility for the costs of proper handling and disposal of hazardous wastes and hazardous substances is governed by applicable law. The terms hazardous materials, hazardous wastes, and hazardous substances are as defined in the Federal Water Pollution Control Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Solid Waste Disposal Act, the Clean Air Act, and the Toxic Substances Control Act, and their implementing regulations, as they may be amended from time to time.

Any unexploded ordnance discovered on government property by the contractor is the responsibility of the Government and will not be disturbed by the contractor but, upon discovery, shall be immediately reported to the contracting officer.

H.4 Contribution in Aid of Construction (CIAC) Tax Liability

The parties hereby recognize that a purchase by the Contractor of a Government utility systems at less than fair market value may be treated as a CIAC and therefore taxable income to the Contractor. As a result, the Contractor may incur an associated income tax liability. It is the responsibility of the Contractor to ensure that all transactions undertaken under the contract are in compliance with the United States Internal Revenue Service notices, guidelines, rules, and regulations governing the CIAC tax, and particularly the notices, guidelines, rules, and regulations governing how to determine fair market value, so that there is no CIAC tax liability to the Government. The Government will have no liability for nor will it pay any CIAC tax for which the Contractor is liable, or may become liable because of the Contractor's performance under this contract.

H.5 Liability

The Contractor shall indemnify and hold the Government harmless against any and all judgments, expenses, liabilities, claims, and charges of whatever kind or nature that may arise as a result of the activities of the Contractor, whether tortious, contractual, or other, except to the extent such claim or charge is cognizable under the Federal Tort Claims Act, or, in regard to indemnification, to the extent the Contractor is prohibited from doing so by Federal or state law.

H.6 Foreign Object Damage Prevention Program

The Contractor shall comply with the Installation's foreign object damage prevention program whenever it engages in activities on or around flightlines or runways.

H.7 Historic Preservation

The contractor shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archaeological, architectural, or other cultural artifacts, relics, vestiges, remains, or objects of antiquity. In the event such items are discovered on government property, the contractor shall cease its activities at the site and immediately notify the contracting officer and protect the site and the material from further disturbance until the contracting officer gives clearance to proceed.

H.8 Repurchase Option

H.8.1 The Government may at its sole option repurchase the privatized Charleston Air Force Base gas system in the event the contract is terminated. The Government may exercise its repurchase right if any of the following circumstances apply:

- a. SCE&G is acquired by another entity and the acquiring entity fails to assume all obligations of SCE&G under this contract;
- b. SCE&G becomes insolvent;

- c. SCE&G is in material breach of its obligations under the contract;
- d. For reasons of national security, Charleston AFB determines it must restrict SCE&G employee or subcontractor access to the installation to the degree that performance of the contract becomes impracticable; or
- e. By mutual consent of the parties.

H.8.2 The Government may at its sole option repurchase the privatized Charleston AFB gas system at the end of the contract term by providing written notice to SCE&G of its intent to repurchase no later than 1 year prior to the end of the contract term.

H.8.3 As consideration for the repurchase, the Government shall pay SCE&G the amount of SCE&G's Unrecovered Investments in the System as defined in Paragraph 8 below. The repurchase shall become effective and the System shall become the property of the Government within 60 days of the contract expiration or contract termination date or on such later date as the Government may designate and as agreed upon by SCE&G. Following the transfer of the System to the Government, SCE&G shall present an invoice for the repurchase price. The Government's obligation to repurchase is subject to the availability of funds.

H.8.4 In the event of a repurchase, the Charleston AFB gas system shall be transferred to the Government free of all liens and encumbrances. SCE&G and the Government shall cooperate in preparing and executing all documents required to accomplish the transfer. All existing information in all media (electronic, paper and otherwise) including operations and maintenance records, books, manuals, operating procedures, specifications, databases and maps necessary or useful for operating the System shall be transferred to the Government with the System. This includes materials that were developed specifically to operate or maintain the Chas AFB system. This excludes any books, manuals, operating procedures, specifications, etc., that are used to operate the general SCE&G system.

H.8.5 To the extent SCE&G receives payments for Unrecovered Investments in accordance with this clause; SCE&G shall not be entitled to equivalent payments for Unrecovered Investments under any termination, cancellation or similar provision of the Contract.

H.8.6 In the event of termination for default, the Government may offset against payments made as consideration for repurchase under this Section any damages it suffers as a consequence of SCE&G's default. The Government shall have no obligation to tender the repurchase price until the quantum of such damages is defined.

H.8.7 SCE&G shall maintain an up to date account of the current System repurchase price throughout the contract term based upon a methodology established by SCE&G and approved by the Government prior to contract award. The parties deem the contract rate charge methodology incorporated into this contract sufficient for this purpose. Upon request, the Contractor shall make the account available to the Government with appropriate supporting documentation.

H.8.8 Definitions

For purposes of this Section, "System" means all physical assets that exist downstream from the SCE&G revenue meter that are used and useful for delivering, regulating and/or metering the Charleston AFB gas system.

For purposes of this Section, "Unrecovered Investments" means the current rate based cost of utility system assets less accumulated depreciation, plus removal cost, less salvage value in accordance with Section 2.4.7 of SCE&G's Price Proposal. In the event of a repurchase under this Section, no utility system assets shall be removed from the Charleston gas system without the Government's consent.

END OF SECTION

SECTION I

Contract Clauses

I.1 FAR 52.252-2 Clauses Incorporated by Reference (Feb 1998)

(IAW FAR 52.107(b))

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text.

The full text of a clause may be accessed electronically at these addresses:

<http://farsite.hill.af.mil> (All CLAUSES) and <http://www.arnet.gov/far> (FAR Clauses ONLY [Clauses I-11 through I-750]). (End of Clause)

I.2 FAR Clauses

The following FAR clauses are incorporated by reference:

FAR Paragraph	Clause Title	IAW	Date
52.202-1	Definitions	FAR 2.201	Jul 2004
52.203-3	Gratuities	FAR 3.202	Apr 1984
52.203-5	Covenant against Contingent Fees	FAR 3.404	Apr 1984
52.203-6	Restrictions on Subcontractor Sales to the Government	FAR 3.503-2	Jul 1995
52.203-7	Anti-Kickback Procedures	FAR 3.502-3	Jul 1995
52.203-8	Cancellation, Recission, and Recovery of Funds for Illegal or Improper Activity	FAR 3.104-9(a)	Jan 1997
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity	FAR 3.104-9(b)	Jan 1997
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	FAR 3.808(b)	Jun 2003
52.204-4	Printing/Copying Double-Sided on Recycled Paper	FAR 4.303	Aug 2000
52.207-3	Right of First Refusal of Employment	FAR 7.305(c)	Nov 1991
52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	FAR 9.409(b)	Jan 2004
52.215-2	Audit and Records - - Negotiations [Not applicable if using regulated Tariff Rates]	FAR 15.209(b)	Jun 1999
52.215-8	Order of Precedence - Uniform Contract Format	FAR 15.209(h)	Oct 1997
52.219-8	Utilization of Small Business Concerns	FAR 19.708(a)	May 2004
52.219-9	Small Business Subcontracting Plan	FAR 19.708(b)	Jan 2002

FAR Paragraph	Clause Title	IAW	Date
52.219-9	Alternate II	FAR 19.708(b)(1)	Oct 2001
52.219-16	Liquidated Damages—Subcontracting Plan	FAR 19.708(b)(2)	Jan 1999
52.222-1	Notice to the Government of Labor Disputes	FAR 22.103-5(a)	Feb 1997
52.222-3	Convict Labor	FAR 22.202	Jun 2003
52.222-4	Contract Work Hours and Safety Standards Act - - Overtime Compensation	FAR 22.305	Sep 2000
52.222-21	Prohibition of Segregated Facilities	FAR 22.810(a)(1)	Feb 1999
52.222-26	Equal Opportunity	FAR 22.810(e)	Apr 2002
52.222-35	Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era	FAR 22.1310(a)	Dec 2001
52.222-36	Affirmative Action for Workers with Disabilities	FAR 22.1408(a)	Jun 1998
52.222-37	Employment Reports on Disabled Veterans and Veterans of the Vietnam Era	FAR 22.1310(b)	Dec 2001
52.223-5	Pollution Prevention and Right-to-Know Information	FAR 23.1005	Aug 2003
52.223-6	Drug-Free Workplace	FAR 23.505	May 2001
52.223-12	Refrigeration Equipment And Air Conditioners	FAR 23.804(b)	May 1995
52.223-13	Certification of toxic chemical release reporting	FAR 23.907(a)	Aug 2003
52.223-14	Toxic Chemical Release Reporting	FAR 23.907(b)	Aug 2003
52.227-1	Authorization and Consent	FAR 27.201-2(a)	Jul 1995
52.228-5	Insurance-Work on a Government Installation	FAR 28.310	Jan 1997
52.229-3	Federal State and Local Taxes	FAR 29.401-4	Apr 2003
52.232-1	Payments	FAR 32.111(a)(1)	Apr 1984
52.232-8	Discounts for Prompt Payment	FAR 32.111(c)(1)	Feb 2002
52.232-11	Extras	FAR 32.111(d)(2)	Apr 1984
52.232-17	Interest	FAR 32.617	Jun 1996
52.232-18	Availability of Funds	FAR 32.705-1(a)	Apr 1984
52.232-23	Assignment of Claims	FAR 32.806(a)(1)	Jan 1986
52.232-33	Payment by Electronic Funds Transfer –Central Contractor Registration	FAR 32.1110(a)(1)	Oct 2003
52.233-1	Disputes	FAR 33.215	Jul 2002
52.233-1	Alternate I	FAR 33.215	Dec 1991
52.233-3	Protest after Award	FAR 33.106(b)	Aug 1996
52.237-2	Protection of Government Buildings, Equipment, and Vegetation	FAR 37.110(b)	Apr 1984
52.237-3	Continuity of Services	FAR 37.110(c)	Jan 1991
52.241-2	Order of Precedence - Utilities	FAR 41.501(c)(1)	Feb 1995

FAR Paragraph	Clause Title	IAW	Date
52.242-13	Bankruptcy	FAR 42.903	Jul 1995
52.243-1	Changes – Fixed-Price	FAR 43.205(a)(2)	Aug 1987
52.243-1	Alternate I or [II depending on whether commodity is part of this contract]	FAR 43.205(a)(2)	Apr 1984
52.246-25	Limitation of Liability - Services	FAR 46.805	Feb 1997
52.248-1	Value Engineering	FAR 48.201	Feb 2000
52.249-2	Termination for Convenience of the Government (Fixed Price)	FAR 49.502(b)(1)	May 2004
52.249-8	Default (Fixed Price Supply and Service)	FAR 49.504(a)(1)	Apr 1984
52.252-6	Authorized Deviations in Clauses	FAR 52.107(f)	Apr 1984

I.3 DFARS Clauses Incorporated by Reference

The use in this solicitation or contract of any Defense Federal Acquisition Regulation Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

The following DFARS clauses are incorporated by reference:

DFARS Paragraph	Clause Title	IAW	Date
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DFARS 203.570-5	Dec 2004
252.203-7002	Display of DoD Hotline Poster	DFARS 203.7002	Dec 1991
252.204-7000	Disclosure of Information	DFARS 204.404-70(a)	Dec 1991
252.204-7003	Control of Government Personnel Work Product	DFARS 204.404-70(b)	Apr 1992
252.204-7004	Required Central Contractor Registration	DFARS 252.204-7304	Nov 2001
252.205-7000	Provision of Information to Cooperative Agreement Holders	DFARS 205.470-2	Dec 1991
252.209-7004	Subcontracting with Firms that Are Owned or Controlled by the Government of a Terrorist Country	DFARS 209.409	Mar 1998
252.223-7004	Drug-Free Work Force	DFARS 223.570-4(a)	Sep 1988
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials	DFARS 223.7103(a)	Apr 1993
252.225-7031	Secondary Arab Boycott of Israel	DFARS 225.770-5	Jun 2005
252.235-7003	Frequency Authorization	DFARS 235.071(b)	Dec 1991
252.236-7005	Airfield Safety Precautions	DFARS 236.570(b)(3)	Dec 1991
252.241-7001	Government Access	DFARS 241.501-70(b)	Dec 1991
252.242-7000	Post-award Conference	DFARS 242.570	Dec 1991
252.243-7001	Pricing of Contract Modifications	DFARS 243.205-71	Dec 1991

DFARS Paragraph	Clause Title	IAW	Date
252.243-7002	Requests for Equitable Adjustment	DFARS 243.205-72	Mar 1998
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)	DFARS 244.403	Mar 2000
252.247-7023	Transportation of Supplies by Sea	DFARS 247.573(b)	May 2002

I.4 AFFARS Clauses Incorporated by Reference

The following AFFARS clauses are incorporated by reference:

AFFARS Paragraph	Clause Title	IAW	Date
5352.223-9000	Elimination of Use of Class I Ozone Depleting Substances (ODS)	AFFARS 5323.804	Apr 2003
5352.223-9001	Health and Safety on Government Installations	AFFARS 5323.9001	Jun 1997
5352.242-9000	Contractor Access to Air Force Installations	AFFARS 5342.490-1	Jun 2002

I.5 Other Clauses

I.5.1 FAR 52.244-6: Subcontracts for Commercial Items and Commercial Components (Dec 2004)

(a) *Definitions.* As used in this clause--

“Commercial item” has the meaning contained Federal Acquisition Regulation 2.101, Definitions.

“Subcontract” includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c) (1) The Contractor shall insert the following clauses in subcontracts for commercial items:

(i) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2)(3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceed \$500,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (Apr 2002) (E.O. 11246).

(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001) (38 U.S.C. 4212(a));

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (Jun 1998) (29 U.S.C. 793).

(v) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201). (Flow down a required in accordance with paragraph (g) of FAR clause 52.222-39.)

(vi) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (APR 2003) (46 U.S.C. Appx 1241 and 10 U.S.C. 2631) (flow down required in accordance with paragraph (d) of FAR clause 52.247-64).

(2) While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

(End of Clause)

END OF SECTION

Section J

List of Attachments

Attachment J2 – Charleston AFB Natural Gas Distribution System

Attachment J42 - Bill of Sale

Attachment J44 – Legislative Authority

END OF SECTION